MARKETS MATTER ACTION PLAN

PRIORITY ACTIONS TO STRENGTHEN MARKETS FOR SMALL-DIAMETER AND RESIDUAL WOOD FIBER

The Markets Matter Convening reached a clear conclusion: No single product, policy or technology will address the market challenges our forests are facing. Progress will require a coordinated and consistent effort to:

- **Retain infrastructure before it is lost** — mills, woodyards and supply chains are far harder to rebuild than to keep.
- **De-risk investment with policy and finance** — aligned rules and catalytic capital make private investment possible.
- **Build demand, not just supply** — emerging markets need real buyers, long-term offtake and procurement.
- **Pay for public benefits** — wildfire risk reduction, clean water and resilience are values today's markets do not capture.
- **Meet different regions where they are** — every forest, facility and community faces different conditions; solutions must be designed to fit those realities, not applied as a national template.
- **Align policy with needs** — federal and state policy should help, not hinder, new market opportunities.
- **Engage Tribes as full partners** — recognize Tribal sovereignty and ensure strategies on and near Tribal lands are designed with, not for, Tribal communities and resource managers.

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U.S. Endowment
for Forestry and Communities

BACKGROUND

The forest products sector is undergoing structural, not cyclical, change. Recent pulp and paper closures and a long decline in demand have left a surplus of small-diameter timber, logging slash and mill residuals concentrated in regions that have lost manufacturing capacity. National analysis shows about 56 million bone-dry tons (BDT) are currently unused each year. That number doesn't include the massive volumes of wood that could be generated from forest health and wildfire risk reduction treatments. When markets for this material weaken, landowners lose revenue, loggers and truckers lose work, mills lose balance, forest management slows and rural communities lose jobs and tax base.

PURPOSE

This Action Plan translates conclusions from the Markets Matter Convening into a focused set of priority actions with near-term steps. It is designed as a rallying framework for the many organizations that shape markets for low-value wood — industry, government agencies, investors, philanthropy, universities, utilities, Tribes, conservation groups and regional coalitions.

This Action Plan grew out of the Markets Matter Convening, attended by over 230 participants in Madison, Wisconsin, on May 19–21, 2026. It is grounded in independent market, investment and regional analyses commissioned to inform this work. This document provides a concise summary of that work. The full proceedings and analyses are linked on page six.

BY THE NUMBERS

- 270 million BDT of annual supply and 214 million of demand — leaving ≈56 million BDT unused each year.
- Over 80 pulp, paper and lumber mills have closed in North America since 2021, representing over 35 million tons of wood fiber capacity.
- Over 130 million acres of forest need treatment to reduce risk of catastrophic fire.
- More than 230 leaders from industry, public agencies, philanthropy, investment, research, conservation, Tribal forestry and rural development took part in the May 2026 Convening to chart the course forward.

BUILDING ON WHAT WORKS

The Markets Matter Convening did not start from scratch. Across the country, efforts are already underway to advance the projects, policies and initiatives our forests and communities need. Federal and private investment have demonstrated the model by supporting facilities and equipment for mills, biomass plants and wood energy projects, showing that targeted investment can reach operators who can put it to use and build a pipeline that attracts additional private capital. States, regions and organizations have shown that focused strategy drives results. Companies and investors are already demonstrating that these markets are real and financeable.

Markets run on demand. A mill operator needs a place to sell residuals. A logger needs timber sales that pencil out. A landowner needs markets that make active management financially viable. A utility needs dispatchable, reliable power. A city needs good employers and a healthy tax base. A water utility needs well-managed watersheds upstream. A state needs a forest industry that supports its rural communities. A community near the wildland-urban interface needs forests to be managed to lower catastrophic fire risk. Every one of these is a real customer with a real need. This plan seeks to meet those needs through policy that removes barriers, capital that reaches the right projects and markets that connect buyers with what forests can deliver.

PRIORITY ACTIONS

Three priority actions form the basis of this action plan. Consistent with the Convening's findings, the actions are sequenced intentionally: enabling policy creates the conditions for capital deployment, which in turn makes forest resilience investment possible. Each is drawn from recommendations identified during the Convening and aligned with the six focus areas summarized on the following page.

ACTION 1 ADVANCE ENABLING POLICY

Investment in new market formation accelerates with a favorable policy environment. The Convening identified the Renewable Fuel Standard (RFS) as a high-leverage federal policy opportunity because greater clarity regarding forestry feedstocks and woody biomass could enable market demand and provide a benchmark for future policy. Market-enabling federal policy encourages corresponding state policies. Together, they provide consistent market signals that investors and operators need for long-term capital commitments.

- Clarify feedstock eligibility under RFS; ensure the definition of woody biomass from forests and mill residuals cannot be narrowly reinterpreted.
- Explore tax credit eligibility criteria and life-cycle assessment models to clearly reflect that woody biomass qualifies for bioenergy and biofuel incentives, including Sustainable Aviation Fuel (SAF) and other advanced biofuels.
- Recognize woody biomass power's full value in utility rate structures and state renewable portfolio standards.
- Identify existing federal programs supporting innovative wood products and market development, and assess opportunities to sustain their impact.
- Identify opportunities and potential funding sources for expanded investment in woody biomass infrastructure retention, modernization and expansion.

ACTION 2 IDENTIFY AND MOBILIZE CAPITAL

Capital is available but not yet organized to advance new project development at scale. Projects in residual fiber and small-diameter wood are too small for institutional investors, too asset-light for traditional bank loans and unfamiliar for most impact investors to size up quickly. Large-scale new markets, like biofuels, remain uncertain for most institutional investors. The Convening pointed to several capital tools that, together, can close this gap: a blended national fund, state forest products infrastructure banks, revolving loan funds and lending adapted to this sector's actual risk and return profile. This action builds the funds, state tools and market data investors require, and connects them to a real project pipeline.

- Capitalize a blended national fund plus state forest products banks and revolving loan funds, designed to advance new project development at scale.
- Utilize the Forest Catalyst Network, organized by the Richard King Mellon Foundation and the U.S. Endowment for Forestry and Communities (the Endowment), to set deployment priorities and build needed market data.
- Expand co-investment from nontraditional investors and beneficiaries (such as utilities, insurers, water providers, data centers and health systems) that translates into substantial avoided costs.
- Develop a pipeline of investment-ready projects with technical assistance, business planning, early-stage grants and investor matchmaking.
- Identify and invest in the critical supply chain infrastructure needed to support new project development.

ACTION 3 TURN FOREST RESILIENCE INTO AN INVESTMENT OPPORTUNITY

Biomass utilization, forest restoration and active management generate public benefits that current market prices and return-on-investment models do not capture. This gap between private returns and public value is a primary reason that otherwise beneficial projects struggle to attract investment, even where the capital mechanisms from Action 2 and the enabling policy from Action 1 are in place. This action builds finance models, verification methods and documented examples that convert public benefits into reportable returns and make nontraditional investment replicable.

- Develop a Forest Resilience Investment Framework for 3–5 projects, including at least one investor-owned utility, one water utility and one data center operator.
- Use the Framework to demonstrate how to quantify and stack public benefits, including carbon, water, habitat, wildfire risk reduction, resource and community resilience and insurance as reportable returns on top of revenue from forest products or energy.
- Document the outcomes and develop a replication model to advance and scale the Framework in other geographies and across partnerships.

SIX FOCUS AREAS UNDERPIN THE ACTIONS

The priority actions draw on six interdependent focus areas identified by the practitioners, investors and industry closest to the problem.

1. **Advance policy and remove barriers:** Advance understanding of policy opportunities and barriers affecting long-term market commitments. This includes evaluating incentives that support the utilization of woody biomass for energy, manufacturing processes and products; identifying regulatory impediments to project development; and assessing potential sources of public funding.
2. **Support existing facilities:** Work with existing manufacturers and energy producers to identify actions and sources of capital that will help prevent the loss of mills that are essential to the supply chains and forest resources in each region. Keep critical assets operational and position them to serve emerging markets.
3. **Align capital and connect it to project development:** Build the awareness and connections that move capital into wood utilization projects that are feasible, replicable and scalable. This includes building relationships with and connecting investors to project developers, and developing the information investors and lenders need to build and sustain a pipeline of projects.
4. **Quantify and account for public benefits:** Active forest management reduces wildfire risk, provides clean air and water, protects wildlife habitat, increases resilience to disturbances and builds community resilience. Investors and project developers presently don't account for these benefits. Showing how to measure, value and stack such benefits can help increase reportable returns on investment.
5. **Complete and showcase projects:** Secure early project development wins and demonstrate how to replicate and scale. Powerful storytelling using proof of concept examples gives investors, project developers, financiers and policymakers confidence to invest further.
6. **Identify and meet workforce needs:** Identify and respond to the capital, equipment and technical assistance needs of the foresters, loggers, haulers and other professionals who are vital to a healthy supply chain.

THE ROADMAP

The plan advances along a shared three-phase timeline with 2026 foundation-building, 2027 deployment and 2028 demonstration and replication.

	2026 Lay the Foundation	**2027** Build and Deploy	**2028** Demonstrate and Scale
Action 1 Advance Enabling Policy	· Convene coalition · Status of RFS · Treatment of woody biomass in LCA models and tax credit programs · Procurement strategy developed · SAF and biochar work	· Woody biomass clarity under RFS · 2–3 procurement wins · 45Y/45Z and GREET model alignment · Support engagement in state-level utility cases	· Woody biomass clarity under RFS · 5+ procurement wins · 45Y/45Z and GREET fully consider woody biomass · Advance coalition and publish findings
Action 2 Identify and Mobilize Capital	· Forest Catalyst Network · Design blended fund · Identify initial pipeline of projects · Develop data tools · Onboard co-investors	· Deploy first capital · Activate state banks · 20–50 project pipeline · Deliver technical and development assistance	· $300M deployed · Publish learnings · Expand and scale
Action 3 Turn Forest Resilience into an Investment Opportunity	· Select 3–5 initial projects · Develop public benefits reporting framework · Identify investors to pilot reporting framework	· Launch full projects · Document outcomes · Interim case studies	· Full case studies · Replication guide · Disseminate findings

KEEPING SCORE

Progress will be tracked against a public scorecard through an annual review coordinated by the Endowment and regional partners, with a public progress report in 2027. Keeping score publicly is what enables this initiative to produce different results than prior rounds of reports and convenings. The initial scorecard is included at the end, and updates to the roadmap and scorecard will be maintained at: https://www.usendowment.org/what-we-do/traditional-markets/markets-matter-convening/

REGIONAL DIFFERENTIATION

The challenge is shared nationally but experienced differently by region — each region faces different infrastructure, species, ownership, fire, energy and demand conditions. Region-specific priorities and analysis are available online.

Tribal lands represent a distinct and critically important dimension of regional differentiation. Tribal forests span more than 18 million acres across the country, and Tribal nations bring sovereign authority, long-term stewardship traditions and deep ecological knowledge to forest management. The Markets Matter initiative is committed to engaging Tribes as full partners — not as a subset of regional strategy, but as co-designers of the solutions that affect their lands and communities.

ABOUT MARKETS MATTER

Markets Matter grew from a multi-year conversation — the 2023 regional and national forest-industry roundtables, the 2025 National Leadership Forum for Economic Development through Working Forests convened by the Richard King Mellon Foundation and the Endowment, and pre-convening analyses by The Beck Group, AFRY, the USFS Forest Products Laboratory and Keystone Policy Center. The Endowment formalized the initiative with the Society of American Foresters at the suggestion of U.S. Forest Service Chief Tom Schultz. These two organizations convened a cross-sector steering committee to help scope the May 2026 Convening in Madison, Wisconsin. This Action Plan consolidates the outputs from the Convening into focus areas, priority actions, accountability and timelines.

THE WORK BEHIND THIS PLAN

- Markets Matter Convening Proceedings (June 2026)
- Residual Wood Fiber Regional Needs Assessment & Market and Investment Opportunities Analysis (The Beck Group, 2026)
- Techno-Economic Viability Assessment of the U.S. Wood Consuming Pulp and Paper Industry (AFRY, 2026)

GET INVOLVED

The scale of the challenge is too large for government, industry or philanthropy to solve alone. Organizations ready to help lead, co-invest or lend their voice to this effort can connect with the initiative team. To get involved, please email matt@usendowment.org.

SCORECARD

The following scorecard establishes measurable targets for 2027 and 2028, organized by priority action. Baselines will be established through regional engagement beginning in the second half of 2026. Targets and accountability for the specific actions or areas will be refined as the roadmap is updated. This scorecard is more comprehensive than the Endowment's work in this area. Specifically, the Endowment will not engage in policy advocacy or legislative work. However, the status of other organizations working in that area will be tracked as a priority identified during the Convening.

ACTION / AREA	METRIC	2027 TARGET	2028 TARGET
Action 1: Advance Enabling Policy			
RFS eligibility	Woody biomass treatment	Clarity for woody biomass definition	Clarity for woody biomass
45Y/45Z tax credits and GREET model	Eligibility assessment complete and model treatment	Alignment between LCA models and tax treatment	Full woody biomass eligibility and LCA treatment documented
Federal and state procurement	Strategy developed; 2–3 federal and state targets identified	2–3 procurement commitments secured	5+ commitments for wood products using residuals and small-diameter logs
Biomass power — utility rate structures and RPS	2–3 states identified; engagement with utility commissions begun	Rate proceedings active in 2–3 states	At least one rate structure or RPS inclusion achieved; model documented for replication
Existing federal program funding	Priority programs identified	Funding sustained	Funding sustained and aligned with market development priorities
New federal infrastructure and investment fund	Fund established	Sources of funding and requirements identified	Funding secured
Action 2: Identify and Mobilize Capital			
National blended fund, state banks, and RLFs	Fund design complete; state engagement begun	Fund capitalized; initial deployments made; 2–3 state banks or RLFs in development	$300M cumulative capital deployed; at least one state bank or RLF operational
Forest Catalyst Network	Group active with coordinated investment strategy and market data priorities	Deployment priorities set; market data infrastructure underway	Annual investment priorities report published; residual fiber market index available
Nontraditional co-investors	Sector-specific value propositions developed; initial conversations underway	At least one formal co-investment agreement executed	3+ co-investor classes (utilities, insurers, water providers, data centers) engaged formally

Investment-ready project pipeline	Pipeline development underway with regional partners	20+ investment-ready projects identified with TA and matchmaking support	50 projects supported; 20+ attracting private capital within 24 months
Supply-chain infrastructure	Critical supply-chain gaps for new project development assessed by region	2–3 priority infrastructure investments funded	Investments documented; replication model published
Action 3: Turn Forest Resilience into an Investment Opportunity			
Forest Resilience Investment Framework — pilot projects	3–5 projects selected with regional partner input; public benefits reporting framework developed	Finance models and public benefits reporting frameworks complete for all projects	All pilots active; co-investment agreements in place; reporting framework finalized
Full-scale demonstration projects	Project structures designed; partners committed	2–3 projects launched, stacking reportable revenue and public benefits	All projects tracking stacked revenue and public benefits; results published
Public benefit quantification	Quantification methodology developed for wildfire, water, insurance and resilience value	Per-BDT and per-acre metrics reported for active projects	Validated metrics in use across all pilot landscapes; available for national replication
Case studies and replication model	Interim findings documented and shared with coalition and investors	Case studies published for active projects	Full case studies and public benefits reporting framework published; presented at public sector forum

Updates will be informed through regional engagement in Q3 2026. Progress will be reported annually and posted publicly on the Endowment's website at: https://www.usendowment.org/what-we-do/traditional-markets/markets-matter-convening/